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Frugality: A must-learn virtue during hard times

Governor considers deeper cuts in spending as cash grows scarcer

By COOKIE B. MICALLER

Staff Reporter

The Asian-wide financial crisis continues to pound on the CNMI economy as Governor Pedro P. Tenorio yesterday said the administration may have to further reduce to \$233 million the Fiscal Year 1999 budget due to declining revenue collection.

According to Tenorio, the government is eyeing an additional \$7 million cut in the \$240 million proposed appropriation for next year because of the economic slowdown spawned by the financial strife in the region.

"The economy is so slow now," Tenorio told reporters, "We're hoping that the economy will be stable until September," as he warned of drastic cost-cutting measures should the condition of the local coffers continue to deteriorate.

The tourism-led island economy, which is dependent on Asian markets, has been unsettled since the currency crisis hit the once mighty economies of the region late last year, pushing tourists to cut down on travels and investors to close businesses.

Tourist arrivals plunged 27 percent to 42,618 in February compared to the same period last year, according to the Marianas Visitors Bureau. Airline companies have also reduced flight service to Saipan because of the faltering visitor arrivals, adding pressure to the teetering tourism industry.

Many tourism-related business establishments on the islands have closed shop, laid off workers and reduced working hours due to sluggish economic activities.

The sharp drop in visitor arrivals and decline in the entry of investments have pulled down revenue collections in the past months.

The Department of Finance predicted the trend to continue because of the anticipated reduction in monthly revenue collection until the end of Fiscal Year 1998.

Based on the latest figures from the department, actual revenue collection exceeded projection by \$7.93 million to \$106 million from October 1997 to February 1998 because of the inclusion of \$8.5 million in NMTIT tax payments for the prior year.

"Without this payment, collections would be less than projected," the finance department said.

The government is currently operating under the 1997 fiscal level of \$247 million. However, amid budgetary crunch the combined appropriation being sought by various departments and government agencies reached \$420 million, according to the House Committee on Ways and Means.

Committee chair Rep. Karl T. Reyes told finance officials to look for ways to bring down the amount to a more realistic level in order to avoid additional deficit.

Should the financial situation worsen, Tenorio said he has no choice but to take tough steps, including possible retrenchment of government workers. "I hope it's not necessary to lay off people but if there's no money coming in then we have no choice," Tenorio said.



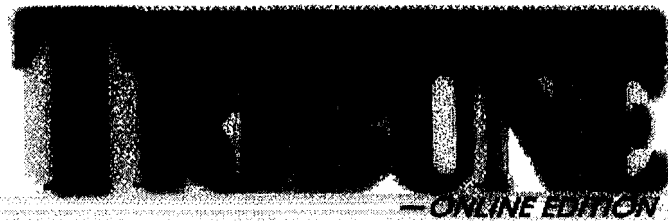
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Teno imposes indefinite austerity measures

By COOKIE B. MICALLER

Staff Reporter

Governor Pedro P. Tenorio has extended indefinitely the austerity measures he put in place to cut down spending of public funds in view of the worsening financial condition confronting the commonwealth and broadened it to include semi-autonomous agencies.

The local chief executive said in a directive issued recently a ban on travels outside Northern Marianas will remain in effect and expenditures over \$5,000 will be restricted.

"...the current fiscal condition of the Commonwealth continues to be strained, and revenue expectations are still uncertain. It is necessary for us to extend indefinitely the austerity measures I imposed after taking office in January to protect the fiscal integrity of the Commonwealth," said Tenorio, whose government inherited a \$33 million deficit from his predecessor.

Tenorio had earlier ordered government office under the executive branch to avoid unnecessary expenses until the administration gets a clear picture of the financial condition.

However, a financial storm that hit the once mighty economies of Asia continues to pound on the island economy largely dependent on tourists and investments from this region, pulling down its revenue collections.

Latest figures from the Department of Finance showed that actual revenue collection from October 1997 up to February 1998 reached \$106 million, more than \$7.93 million over projections.

But finance officials explained the increase was due to the inclusion of some \$8.5 million in NMTIT tax payments for prior years. "Without this payment, collections would be less than projected," DOF said.

Short of cash, local officials have told government agencies to exercise extreme fiscal prudence to accommodate their needs until the end of the current fiscal year.

Tenorio's key financial advisers said collections for the months of March and April are still being finalized and the figures will determine whether it will further reduce the \$246.7 million budget it is proposing

for Fiscal Year 1999.

Some members of the Legislature are prodding the local chief executive to consider the possibility of cutting down working hours, which could translate to savings of \$12 million annually, in order to avoid retrenchment.

Payment for salaries and wages alone of government workers eat up a huge chunk of the total yearly appropriations. Last year, the government paid out some \$190 million for the salaries of its more than 4,000 employees.



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CERTIFICATE OF SERVICE

I, Elizabeth Holowinski, an attorney with the Law Offices of Thomas K. Crowe, P.C., do hereby certify that on this 11th day of September, 1998, a copy of the foregoing "Petition for Reconsideration, or alternatively, Waiver of the Commonwealth of the Northern Mariana Islands" was served by first class United States mail, postage pre-paid, upon the parties listed below.

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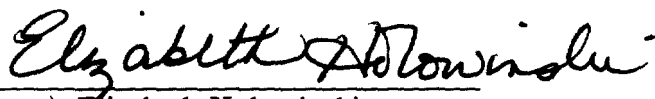
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